

established in 1984, Wackenhut Corrections Corp. emerged as a dominant international provider of prison design, construction, and management services. The company designs buildings; staffs prisons with guards, social workers, doctors, and cooks; and manages inmate education programs, among other tasks. By mid 1997, Wackenhut managed 28 prisons in the United States, 3 in Australia, 2 in England, 1 in Canada and 1 in Puerto Rico. Company revenue topped \$312.8 million in 1998 and employees numbered approximately 8,000. "It is raining prison deals," said President George C. Zoley, in the February 18, 1994 issue of *South Florida Business Journal*. ". . . the business is growing exponentially."

Another successful facilities support company in the mid 1990s was Axiom Real Estate Management Inc., of Connecticut. Formed in 1992, Axiom was a joint venture between International Business Machines and Grub & Ellis Co., a national real estate company. Later, in September of 1997, Axiom became a wholly-owned subsidiary of Grub & Ellis; the venture was renamed to Grubb & Ellis Management Services, Inc. Although property management firms are excluded from this industry classification, Axiom provided a range of support services ranging from computer systems management to complete facilities oversight. The joint venture was established to take advantage of the corporate downsizing trend. Among other services, Axiom performs a full array of engineering, administrative, and financial duties.

About 800 companies competed in the facilities support services industry throughout the 1990s. Most of these companies were relatively large — the average industry participant had 80 workers, compared to an average of 13 for all U.S. service firms. The largest competitor by far was Ogden Corporation, a global provider of support services to energy and environmental agencies, airports and airlines, sports and entertainment facilities, industrial plants, office buildings, and government agencies. Ogden increased its net income 15 percent in 1993 to \$17.5 million, but by 1998 its 21,970 employees helped bring in revenue of almost \$1.7 billion.

During the 1990s, other large companies in the industry were Serv-Air Inc. of Texas, Canisco Resources, Inc. of Delaware, Nuclear Support Services of Pennsylvania; Bionetics Corp., of Virginia, and Antarctic Support Associates of Colorado. The median annual revenue of the top ten competitors during the 1990s typically ranged from \$50 to \$100 million.

Employment prospects for the industry are positive, since facilities management outsourcing is expected to proliferate. Jobs for secretaries and other clerical workers, which account for a large share of this industry's workforce, should increase more than 50 percent between 1990 and 2005, according to the U.S. Bureau of Labor Statistics. Most labor and management opportunities

should increase similarly. Employment of computer programmers and systems analysts will leap by more than 100 percent by 2005, as will openings for management and financial analysts and marketing professionals. Furthermore, workers in this industry are well compensated. The average payroll per employee in the mid 1990s was about \$33,000—35 percent higher than the average for all other U.S. service industries.

## FURTHER READING

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## SIC 8748

### BUSINESS CONSULTING SERVICES, NOT ELSEWHERE CLASSIFIED

This category covers establishments primarily engaged in furnishing business consulting services, not elsewhere classified, on a contract or fee basis, including such specialties as agriculture, city planning, radio consulting, test development, and traffic consulting.

An important part of this classification's title and definition, "not elsewhere classified," needs some clarification so that the classification may be properly understood. This classification is one of a group of five industries called Management and Public Relations Services. The largest service industry in this group is **SIC 8742: Management Consulting Services**, which is somewhat similar in function to this industry, but is several times larger in terms of its revenues and work force.

## NAICS CODE(S)

611710 (Educational Support Services)

541618 (Other Management Consulting Services)

541690 (Other Scientific and Technical Consulting Services)

## ORGANIZATION AND STRUCTURE

Business consulting services, not elsewhere classified, includes businesses involved in supplying counsel and assistance to companies in the following areas: agricultural consulting; city planners, except professional engineering; economic consulting; educational consulting, except management; industrial development planning service; radio consultants; systems engineering consulting, except professional engineering or computer related; testing and test development and evaluation service, educational or personnel; and traffic consultants.

Hundreds of companies have reported activities in this industrial classification, including those involved in the testing of aptitude and skill for suitability in academic and vocational endeavors, and environmental consulting with or without testing. Other companies have offered business consulting as adjuncts to their main functions, as in the fields of insurance or guard services.

Business consulting services, not elsewhere classified, provide a wide range of specialized technical assistance to businesses, nonprofit organizations, and government establishments. Some of these service firms are small, some are quite large, and others are small parts of large organizations whose major activities are in other fields.

**Reasons for Using Consultants.** As with all consulting, the specialties that have been successful are those where the client organizations require temporary expertise in areas where they have not found it feasible to employ a professional staff, or where a knowledgeable advisor may be wanted to give an authoritative independent opinion on an important matter. Profitable consultants usually have areas in which they are considered especially authoritative or skilled.

**Industry Size.** According to the most recent data available from the U.S. Census Bureau, total receipts for firms in the industry were approximately \$15.2 billion in 1998, a 5 percent increase over the previous year. The number of employees in this service industry was estimated at 94,100 in 1998.

**Industry Associations and Accreditation.** There is no central licensing agency for management consultants. In fact, no guidelines or regulations exist in the industry at all as standards for operating practices. The only available form of acknowledgment of consulting expertise is the Certified Management Consultant designation, which is granted by the trade association, the Institute of Management Consultants.

Another primary industry association is ACME (formerly Association of Consulting Management Engineers). Both ACME and the Institute of Management Consultants operate as divisions of the Council of Con-

sulting Organizations (CCO). Other industry associations include the Society of Professional Management Consultants, the Association of Management Consulting Firms, the Association of Management Consultants, and the Association of Internal Management Consultants.

## BACKGROUND AND DEVELOPMENT

Consulting grew slowly in the years before 1950, when there were less than 100 firms in the industry. The number of firms expanded rapidly after 1950, however, and by 1990 well over 1,000 firms were established. According to Service Industries USA, in 1998 there were an estimated 22,000 firms, representing an enormous increase during the 1990s.

**Pre-World War II.** The consulting field had its beginnings in the late 1880s. The Arthur D. Little Company, founded in Cambridge, Massachusetts in 1886 was among the first prominent consulting firms and was still an industry leader in the early 1990s. The company provides both business and management consulting and specializes in engineering-related research for its clients.

A new impetus in consulting came around World War I with the concepts of scientific management pioneered by Frederick W. Taylor and Frank and Lillian Gilbreth. Their studies of worker productivity in factories led to the widespread use of time studies. In 1929, a small group of firms joined together to form a trade association known as the Association of Consulting Management Engineers (ACME). In the 1930s and 1940s, such new consulting firms as McKinsey & Co. and Booz-Allen & Hamilton established themselves by broadening their scope of services to cover finance, organization, and policy issues. These firms, which have become among the most successful in the industry, also helped bolster troubled companies during and after the Depression.

**Post-World War II.** The consulting field grew rapidly in size, scope, and diversity from World War II to the mid 1990s. Many small firms were established and larger companies grew and branched out to meet ever-changing business needs. Many firms, for example, were hired to provide training and assistance for computer technology and methods. Public accounting firms initially offered consulting assistance as a sideline, but it has since come to represent a significant portion of revenues and profits.

In 1968, groups of consultants and consulting firms organized the Institute of Management Consultants (IMC), an individual membership organization that acts to further its members' interests as well as to certify and assure the ethics and capabilities of its members. In 1989, ACME and IMC established an overseeing umbrella organization, the Council of Consulting Organizations (CCO).

**Growth and Change.** This industry grew rapidly in the late 1980s and through the 1990s. Overall, the industry grew at an annual rate of nearly 20 percent between 1987 and 1991. In 1993, the industry grew 11 percent from the previous year, then 22 percent in 1994, 16 percent in 1995, 3 percent in 1996, and 5 percent in 1997.

Several conditions have led to this growth. For example, an increasing number of firms were solicited to provide testing and analysis assistance on environmental issues. Additionally, psychological testing was in greater demand in the early 1990s as more academic and vocational organizations came to rely on such test results. In these areas, many companies found it more expedient and cost effective to use an outside service for a fee, rather than to hire a staff with the requisite skills. Companies also benefited from the further advantage of receiving an objective judgment from an independent outside service.

According to the *U.S. Industry and Trade Outlook*, demand for professional services is expected to continue to increase into the new millennium, but at a slower rate than during the latter half of the past decade. A major force behind this growth will be the increased use of computers, the Internet, integrated systems, and other high-technology equipment. The challenge for this industry will be to train and retain qualified consultants.

The leading firms discussed below reflect the diversity in the specialties of professionals in the business consulting services field. Many of the smallest firms in the industry, not covered here, have very narrow specialties in which they have special expertise, or serve small geographical areas in which they have become well known.

### INDUSTRY LEADERS

According to *Ward's Business Directory of U. S. Private and Public Companies*, the industry leader in 1998 was Prudential Resources Management of Valhalla, New York; second was National Shopping Service of Los Angeles, California; third was Post Buckley Schuss and Jeering Inc., of Miami, Florida; and fourth was Den Corp/Information and Engineering Technology of Fairfax, Virginia.

### WORKFORCE

**Diversity of Skills.** Because this industry is a field with many different types of functions, the work force is made up of individuals of many different specialties. For instance, environmental consulting requires engineers, psychological testing requires psychologists, economics consulting requires economists or MBAs, and city planning consulting requires architects, civil engineers, and landscape architects. The city planning consulting segment of the industry has 100 firms ranging in size from

solo practitioners to businesses with over 5,000 employees.

### FURTHER READING

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## SIC 8811

### PRIVATE HOUSEHOLDS

This industry consists of private households that employ workers on or about the premises who serve in occupations usually considered as domestic service. This classification includes baby-sitting; domestic service; private estates; noncommercial farmhouses; private households employing cooks, maids, chauffeurs, and gardeners; personal affairs management; and noncommercial residential farms.

### NAICS CODE(S)

814110 (Private Households)

### INDUSTRY SNAPSHOT

This industry, unlike most others, is comprised of individuals, not companies. More than half a million households paid employers' taxes on private household workers and more than 802,000 household workers were employed in the United States in 1996. General house workers accounted for about 63 percent of available jobs; 34 percent of this workforce were engaged in child care. Historically, demand for help in this industry has been greater than the supply of workers. The need for household workers increased during the latter part of the twentieth century as more women with children entered the workforce and as an aging population often required private attendants or companions. As the baby boomer generation ages, employment opportunities for personal attendants will continue to rise. In 1995, 40 percent of all persons employed in private households were involved in childcare and 4 percent were housekeepers, or butlers.

### ORGANIZATION AND STRUCTURE

Generally, the organization of this industry can be defined by a simple employer and employee relationship, with one or more employers per household worker. In large households with sizable staff, a butler or head